

THE CONNECTED HOME – GERMANY – 2020

Since smart home devices are still comparatively niche in Germany, manufacturers and retailers need to let consumers experience smart home benefits first hand to drive acceptance, eg by providing smart mock-up room scenarios at the POS.



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Report Content



EXECUTIVE SUMMARY

- Mintel's perspective

Market context

- Impact of COVID-19 on the connected home market
- Key market despite limitations
 - Graph 1: all spending on electricals (including VAT), in €m, 2018
- Germany has lowest homeownership rate in the EU
- Germans are driven by environmental concerns
 - Graph 2: "I try to act in a way that is not harmful to the environment", December 2019

What consumers want and why

- Most smart devices are still niche in Germany
 - Graph 3: household ownership of smart devices, March 2020
- Consumers want: smart lightbulbs
 - Graph 4: interest in buying smart home devices, March 2020
- Price, privacy and gimmick perceptions are the strongest usage barriers for non-owners
 - Graph 5: attitudes towards smart home devices, March 2020
- Consumers want: to see smart home benefits
- Consumers want: their privacy protected
- Consumers want: smart security bundles
 - Graph 6: statements about smart security, March 2020
- Convenience is the main driver for smart home devices
 - Graph 7: attitudes towards smart home devices, March 2020

Opportunities

- Deliver smart home experiences
- Put the devices in their hands
- Voice-controlled grocery shopping
- Quick download resources

THE IMPACT OF COVID-19

- COVID-19's impact on the broader category
- Key shifts in consumer behaviours
- How COVID-19 is impacting key consumer segments

- Threats
- Opportunities – support mental health
- Opportunities – utilise the video calling boom
- Opportunities – make the home office smart
- The impact of COVID-19 on the marketing mix
- The impact of COVID-19 on the German economy
- How a COVID-19 recession will reshape the industry

MARKET DRIVERS

- Germany is the largest electrical goods market in Europe
 - Graph 8: all spending on electricals (including VAT), in €m, 2018
- 5G & IoT
- Germans are driven by environmental concerns
 - Graph 9: "I try to act in a way that is not harmful to the environment", December 2019
- Germany has lowest homeownership rate in the EU
- Ageing society creates opportunities for supported living
 - Graph 10: [no title]
- Germans are hesitant with new technologies...
 - Graph 11: respondents who like to be among the first to try new technologies, December 2019
- ...represented in their adoption
 - Graph 12: household ownership of voice controlled smart speakers, December 2019

WHAT CONSUMERS WANT AND WHY

Ownership of smart devices

- Most smart devices are still niche in Germany
 - Graph 13: household ownership of smart devices, March 2020
- Speakers dominate smart home market
- Smart devices are the young's domain
 - Graph 14: household ownership of smart devices, by age, March 2020
- Smart devices are most popular among young consumers
- Young parents leading in smart household adoption
 - Graph 15: ownership of smart devices, by parental status, March 2020
- Smart home devices still seen as luxury purchases
- Lowering the entry barriers
- Homeowners more likely to buy smart devices
 - Graph 16: ownership of smart devices, by housing situation, March 2020

Interest in buying smart home devices

- Overall only moderate interest in connected home devices
 - Graph 17: interest in buying smart home devices, March 2020
- Relatively low interest in smart speakers among non-owners
- Intensify the POS smart home experience
- There is high interest among young Germans
 - Graph 18: interest in buying smart home devices, by age, March 2020
- Young Germans offer growth potential...
- ...especially in the long term
- Pronounced male bias in some categories, but not all
 - Graph 19: interest in buying smart home devices, by age, March 2020
- Smart devices to increase comfort

Voice-controlled speakers

- Amazon dominating the German voice-controlled speaker market
 - Graph 20: brands of voice-controlled speakers in household, March 2020
- Voice-controlled shopping and mute functions show strong appeal
 - Graph 21: statements about voice-controlled speakers, March 2020
- Germans want voice-controlled shopping
- Amazon Fresh to help increase Echo adoption
- Social distancing offers growth potential for smart speakers with displays
- Wide use of mute function highlights privacy concerns

Smart security

- Security bundles are highly appealing
 - Graph 22: statements about smart security, March 2020
- Strong interest in smart security bundles
- Young men most comfortable with smart home delivery control
 - Graph 23: respondents who would allow a delivery person to enter their home whilst being monitored on a smart home security/sensor, by gender & age, March 2020

Attitudes of owners towards smart home devices

- Convenience is the main driver for smart home devices
 - Graph 24: attitudes towards smart home devices, March 2020
- Strong agreement on convenience of smart devices
- Feeling more secure

Attitudes of non-owners towards smart home devices

- Price and privacy concerns are holding back German consumers

The Connected Home – Germany – 2020

- Graph 25: attitudes towards smart home devices, March 2020
- Price is holding back German consumers
- Engaging experiences are key
- Germans are highly price-value oriented
 - Graph 26: "I tend to buy the premium version of a product", December 2019
 - Graph 27: "I have a budget that I try to stick to as much as possible", December 2019
- Germans don't seek 'premium' products but will pay more for quality
- Low-cost products could be harming perceptions
- Are data privacy issues a deal breaker?
- Are data privacy issues a deal-breaker?
- Improving privacy still crucial
- Saving the environment as well as money is a message that could strike a chord
- Uncertainty around ease of use holding back older Germans
 - Graph 28: "Concerns that smart home devices might be too complicated have stopped me from buying them", March 2020
- In-store opportunities
- Can more tech reduce dependency?
- Smart devices as a way to disconnect
- Parents particularly concerned with mental health implications
 - Graph 29: concern with mental health implications of too many smart devices in household, by parental status, March 2020

LAUNCH ACTIVITY AND INNOVATION

- Project Connected Home over IP
- Telekom increasing smart home commitment
- Privacy focus could pay significant dividends
- Google Nest
- Ikea increasingly going smart
- Amazon Echo
- Blink Mini
- Ring releases new range of products
- Ring Alarm well suited for German market

Advertising and marketing activity

- Amazon addressing the gifting market
- Alexa ad addressing the gifting market and ease of use concerns
- Amazon uses Germany-specific ad
- Amazon's ode to the German language

- Amazon pushing frequent discounts and bundles
- Like a 'Bosch'
- IKEA keeps it simple with SYMFONISK ad

APPENDIX

Note on COVID-19

- COVID-19's impact on the connected home and German consumer behaviour

Appendix – abbreviations and consumer research methodology

- Abbreviations
- Consumer research methodology

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